KENT COUNTY COUNCIL

PENSION FUND COMMITTEE

MINUTES of a meeting of the Pension Fund Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Tuesday, 23 June 2026.

PRESENT: Ms S Emberson (Chair), Mr A Cecil (Vice-Chair), Mr M Ellis, Cllr M Jones, Mr T Mole, Mr M Mulvihill, Mr M Paul, Mrs B Porter, Mr H Rayner, Mr G R Samme, Mr S Sim, Mr P Stepto and Cllr R Yates.

IN ATTENDANCE: Ms S Surana (Pension Fund and Treasury Investments Manager), Mr S Tagg (Employers Governance, Compliance and Funding Principal Accountant), Mrs C Chambers (Pensions Administration Manager), Mr N Buckland (Head of Pensions and Treasury), Mrs E Green (Senior Pensions Programme Manager), Mr C Steensel (Investments Accountant), Mr B Arnold (Corporate Director Finance) and Mr J Clapson (Democratic Services Officer).

ALSO PRESENT: Mr T English (Mercer) and Mr J Houston (Barnett Waddingham).

UNRESTRICTED ITEMS

64. Membership Update
(Item 1)

Members were advised that work was underway to fill the vacant UNISON representative position on the Committee. It was anticipated that the appointment would be completed in time for the September 2026 meeting.

65. Apologies and Substitutes
(Item 2)

Apologies were received from Mr Doust and Cllr Burdon.

66. Declarations of interest by Members in items on the agenda for this meeting.
(Item 3)

There were no declarations of interest.

67. Minutes of the meeting held on 26 March 2026
(Item 4)

RESOLVED that the minutes of the meeting held on 26 March 2026 were correctly recorded and that they be signed by the Chair.

68. Date of next meeting
(Item 5)

It was noted that the next meeting of the Committee would be held on 29 September 2026.

69. Committee Work Plan and Action Log

(Item 6)

1. Mr Buckland introduced the Committee Work Programme and Action Log, and covered the following points:
   a. The Work Programme set out the key matters scheduled for consideration over the coming year.
   b. The Work Programme included the strategy away day planned for February 2027. It could be updated to include an informal session for the Committee and Pension Board to consider the implications of Local Government Reorganisation (LGR) on the administration and governance of the Fund.
   c. The Action Log was used to track the points raised at meetings that did not form part of a formal decision.
   d. Work was ongoing to provide links to the Border to Coast Pension Partnership (BCPP) website that detailed the voting activity and stewardship information for investment assets.

2. RESOLVED to note the Committee Work Programme and Action Log.

70. Update from the Pension Board

(Item 7)

1. Mr Buckland provided a verbal update on the work of the Pension Board that met on 4 June 2026. During the update he covered the following points:
   a. He advised that future updates from the Board would be included in the agenda as a written report.
   b. The Board had considered a range of items similar to those of the Committee. The Board considered pension administration in detail and discussed the implications of upcoming governance changes.
   c. Mr Trebilcock had been elected Chair of the Pension Board following his appointment as the Board's Independent Member.
   d. The Board had considered the work relating to LGR and had formally expressed support for the approach being undertaken by officers.

2. RESOLVED to note the update.

71. Pensions Administration Update

(Item 8)

1. Mrs Steggles presented the report covering pensions administration activity for the period from January to March 2026. She advised that there was high demand across all service channels, customer satisfaction remained above 95%, and overall service delivery continued to perform well despite high operational pressures.

2. During consideration of the item the following comments were made:
    a. The key performance indicators were summarised using RAG ratings at previous meetings. Officers confirmed that RAG ratings would be included in future reports.
    b. Elected Members were now entitled to join the Scheme if they chose to do so. Officers would check that local councils had communicated this their Councillors.
    c. The McCloud system blackout had been necessary to facilitate the implementation of system changes and member data updates. A recovery plan was in place, and significant progress had been made.
    d. During the McCloud blackout period retirement cases were prioritised, and the manual calculations were subject to quality assurance procedures.
    e. Staffing pressures, overtime usage and staff wellbeing were carefully monitored.
    f. Recruitment across the LGPS sector remained challenging. The Fund continued to invest in training staff, internal progression and professional development. This supported long-term workforce resilience and helped to mitigate against recruitment challenges.
    g. Thanks were offered to the administration team for maintaining high standards of customer service and low complaint levels, despite the significant workload pressures being experienced.

3. RESOLVED to note the report.

72. Fund Governance
(Item 9)

1. Mrs Green introduced the report that provided an update on governance matters since March 2026, including budget monitoring, regulatory developments, staffing matters, internal audit activity and preparations for new governance requirements.

2. During the introduction Mrs Green highlighted the following points:
    a. The Fund was forecasting a budget overspend. This was primarily a consequence of higher than forecast investment management and transaction costs arising from strong investment performance during the year, and costs relating to property purchases such as stamp duty.
    b. New legislation required the appointment of an Independent Person to Pension Fund Committee by 31 December 2026.
    c. Recruitment activity had continued across the Fund, particularly within the pensions administration service.
    d. An internal audit of debt recovery management had received a substantial assurance opinion, and no high or medium risk findings were identified.

3. During consideration of the item, the following points were discussed:
    a. The strong level of investment performance achieved during the year was commended.
    b. The Independent Person would need the skills, experience and governance expertise necessary to support the Committee.

   c. It could be advantageous to appoint someone who sat as an Independent Person on another pension fund committee.
   d. Consideration would be given to expanding the circulation of draft internal audit reports to offer a wider degree of Member oversight.
   e. Historically it has been difficult to recruit to senior officer positions with external candidates. This has led to a focus on training and development of existing staff to undertake more senior roles and the need to backfill less senior vacancies. The next round of recruitment would commence in September.

4. RESOLVED to:
   a. Delegate responsibility to the Head of Pensions and Treasury to lead the selection process for the Independent Person for Pension Fund Committee, in consultation with the Chair of Pension Fund Committee.
   b. Note the report.

73. Employer Governance Matters
(Item 10)

1. Mr Tagg introduced the report that provided an update on employer governance activity for the three months up to 31 March 2026. During the introduction the following points were covered:
   a. The report included details of the employer admissions and cessation matters that had been determined through delegated authority.
   b. The 2025 triennial valuation and the revised Funding Strategy Statement were now complete.

2. RESOLVED to note the report.

74. Investments Update
(Item 12)

1. Mrs Surana and Mr Steensel introduced the report, which provided an update on investment performance, pooling activity, cashflow management and the ongoing review of the Fund's investment strategy.

2. During the introduction the following points were covered:
   a. The Fund value had increased to approximately £9.6 billion at 31 March 2026, and the annual performance of 11.5% had exceeded the benchmark return.
   b. Strong performance had been achieved across several investment asset classes, despite continuing market volatility.
   c. No rebalancing was recommended at the present time due to the ongoing strategy review and transition to the BCPP.
   d. During the update on pooling activity, the following matters were highlighted:
      1. The key legal and governance documents relating to the transition to BCPP were nearing completion.

2. The imminent finalisation of the Investment Management Agreement would allow BCPP to assume oversight responsibility for the Fund's assets.
3. The transition of assets would take place over an extended period and would be conducted in a manner that minimised transition costs to ensure best value for money.
4. Close engagement with BCPP officers would continue throughout the process.

3. Mr English (Mercer) presented an update on the Strategic Asset Allocation Review, undertaken following the 2025 Actuarial Valuation. During the update the following points were raised:
    a. The Investment Sub-Group had met twice and was next due to meet in July.
    b. There was a balance to be struck between the potential investment return, investment risk, and the need to maintain affordable and stable employer contribution rates.
    c. Compared to other local government pension funds, Kent was unusual not to have any investment in private credit. The Committee would be offered some training about private credit.
    d. The Committee would consider the Fund's investment objectives at the September meeting.

4. During consideration of the item, the following points were discussed:
    a. The voting activity of asset managers was available to view on the Kent Pension Fund website.
    b. Work was underway with BCPP to develop a transition plan that minimised the transition risk and costs. The transition would largely take place over the next 18 months.
    c. The Investment Strategy Statement (ISS) would be presented to the Committee for agreement in September. This would be followed by a period of consultation. Then the final ISS, that included comments arising from the consultation, would be considered by the Committee in December.
    d. The specific areas of infrastructure investment for the Fund would be at the discretion of the BCPP investment managers.
    e. The removal of equity protection was proposed and agreed alongside a reduction in equity exposure and risk.

5. RESOLVED to:
    a. NOTE the work undertaken on the review of the Fund's Strategic Asset Allocation, and APPROVE the approach taken, which supports the final strategy being presented for approval at the September meeting.
    b. APPROVE the recommendation to make initial commitments to the Border to Coast Private Equity and Infrastructure 2026 'Series 3b' propositions of £200m each, as set out in section 12.6 and further explained in Appendix 3 and delegate implementation of the decision to the Head of Pensions and Treasury.

Motion to Exclude the Press and Public

RESOLVED that the Press and Public be excluded from the meeting for the following business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Act.

<u>Open Access Minutes</u>

75. Projects Update
(Item 11)

1. Mrs Green introduced the report, which provided an update on technological support developments, cyber security projects and the requirement to re-procure the pensions administration system.

2. During consideration of the item, the following points were discussed:
    a. The delay to the phase 2 ‘go live’ date of the Oracle Cloud system did not have an impact on the Fund’s ability to carry out its duties.
    b. The new employer contact database was a significant improvement over the previous system. It held all the required information in a single location, improved the management of communications with the Fund’s employers, and was able to produce statistical data for performance reporting to the Committee.
    c. Officers drew upon their experience and learnt from the practices of other funds, to make Kent’s processes as efficient as possible.
    d. Consideration would be given to the potential application of artificial intelligence to generate additional efficiencies.
    e. Business continuity plans were in place for the payroll system and continued to be refined as part of go-live readiness.

3. RESOLVED to:
    a. NOTE the report
    b. NOTE and endorse the approach being taken to the procurement of the Pensions Administration system.

76. Local Government Reorganisation and Kent Pension Fund
(Item 13)

1. Mr Buckland introduced the report and highlighted that it was important that the Fund was not overlooked during the LGR process. The functions of the Fund must remain unaffected when the new arrangements take effect, and it must not impact upon Fund members or employers.

2. Mr Houston (Barnett Waddingham) presented a review of the options for the future management of the Fund. Of the five options analysed, the review identified that the following two options should be taken forward for further detailed assessment:
    a. That one of the new unitary authorities be designated the Administering Authority for the Fund
    b. That a new Kent Single Purpose Pension Authority (SPPA) be created and designated as the Administering Authority for the Fund.

3. During consideration of the item, the following points were discussed:
    a. Ultimately the Secretary of State would decide how the Fund was administered following LGR, however the Council should conduct an assessment of the options and put forward a case for its preferred way to proceed.
    b. A recent statement from the Ministry of Housing, Communities and Local Government (MHCLG) had indicated that LGR would continue to progress in accordance with the established timeline.
    c. The S151 Officer indicated that no options should be ruled out at this stage. Instead, following the completion of an options appraisal, a preferred option should be identified alongside two alternative options.
    d. A session would be held with the Committee and Board to look at all the options for the future administration of the Fund.

4. RESOLVED to:
    a. APPROVE further detailed assessment of the options for consideration at a future meeting of the Committee.
    b. APPROVE holding an LGR workshop for Members of both the Pension Board and the Pension Committee later in the year, to explore and discuss the implications of LGR in more detail.